



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

December 6, 1994

CERTIFIED RETURN RECEIPT
P 074 978 923

Mr. Harold Marston
Pagano Clay Operations
P. O. Box 136
Wellington, Utah 84501

Re: Reclamation Surety, Pagano Clay Mine Operations, S/015/062, Emery County, Utah

Dear Mr. Marston:

On October 31, 1994, the Division received a cancellation notice from the Reliance Insurance Company for bond number ' '. The notice stated the captioned bond is cancelled as of February 4, 1995, or if such effective date does not provide for a sufficient number of days notice, as required, then upon the earliest date permitted.

According to the order issued by the Board of Oil, Gas and Mining on March 8, 1993, a reclamation surety in the amount of \$3,700 was required for this operation. This amount was to cover the cost of fertilizing, seeding, and mulching the disturbed areas, which at the time of the Board Hearing, had not yet been completed. The Board order also required reclamation of the site to be completed by June 1, 1993. A Division inspection on May 12, 1993, verified that reclamation had been performed. A recent inspection performed October 7, 1994, revealed poor revegetation success on the reclaimed areas.

At this time, the reclaimed areas for the Pagano Clay project have survived one and one-half growing seasons. The Division and rules R647-3-109.13 and R647-4-111.13, usually require the passage of at least three growing seasons before granting release of a reclaimed site. The Division has not received a formal request for reclamation release for the Pagano Clay project. In addition, the Division has been requested to contact SITLA (formerly known as State Lands) prior to the release of any surety for this project.

Therefore, the Division requires that a \$3,700 reclamation surety remain in place for the Pagano Clay project until a formal release is granted. A lapse in having adequate surety posted for this operation would be considered a violation of the Board Order and the Utah

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Mined Land Reclamation Act. In order to remedy this situation, the existing bond may be extended prior to the expiration date, or a replacement surety for the same amount may be posted prior to the expiration date of the existing bond.

At your earliest convenience, please inform me or Wayne Hedberg of your actions in this regard. Please contact either of us if you have any questions regarding the requirements of this letter. Thank you for your cooperation and attention to this matter.

Sincerely,



Anthony A. Gallegos
Reclamation Engineer

jb
cc: Carol M. Crosswhite, Reliance Insurance Company
Wayne Hedberg, DOGM (route)
Lowell Braxton, DOGM
Tom Mitchell, AG's Office
S15-62PG.ANO



Reliance

RELIANCE SURETY COMPANY
Philadelphia, Pennsylvania

RELIANCE INSURANCE COMPANY
Philadelphia, Pennsylvania

UNITED PACIFIC INSURANCE COMPANY
Philadelphia, Pennsylvania

RELIANCE NATIONAL INDEMNITY COMPANY
Philadelphia, Pennsylvania

CANCELLATION NOTICE

TO: Obligor/ Address: UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining
355 West North Temple
Salt Lake City, UT 84180-1203

RE: Principal/ Address: EAST CARBON CONSTRUCTORS, INC.
P.O. Box 880
East Carbon, UT 84520

Bond No.: _____

Bond Type: Reclamation Bond

Effective Date: 2-4-93

You are hereby notified the captioned bond is cancelled in accordance with the cancellation provisions contained therein or in applicable laws or regulations. This Notice is mailed to you on

10-27-94 and is to be effective on or about

2-4-95 or if such effective date does not provide for a sufficient number of days notice, as required, then upon the earliest date permitted. The issuance of this Cancellation Notice shall not, however, extend the effective date of cancellation if such bond has been cancelled upon an earlier date under the provisions of said bond.

RELIANCE INSURANCE COMPANY shall not be responsible thereunder for any acts or defaults committed or loss occurring after the effective date of cancellation, nor for any losses not discovered in accordance with the provisions of such bond.

BY: Surety: RELIANCE INSURANCE COMPANY

Carol M. Crosswhite
Carol M. Crosswhite Attorney-in-Fact

CANCELLATION ACKNOWLEDGMENT (Please sign duplicate of this Notice and return to Surety)

By: _____

Date: _____